

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7143

BILL NUMBER: HB 1731

NOTE PREPARED: Feb 26, 2007

BILL AMENDED: Feb 23, 2007

SUBJECT: Public Purchasing.

FIRST AUTHOR: Rep. GiaQuinta

FIRST SPONSOR:

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill increases the thresholds for small purchases made by the state and governmental bodies. It provides that all purchasing agencies may award a contract under the request for proposal provisions of the law.

The bill removes a provision that requires that when conducting discussions with an offeror, information derived from a proposal submitted by a competing offeror may not be disclosed. It extends to all purchasing agents, and not just executive branch agencies, the ability to discuss competing offers.

The bill provides that governmental entities may make purchases from other governmental entities, or under another governmental entity's written contract and, in certain circumstances, with a nonprofit entity if the requirements of the public purchasing statutes are met.

The bill also increases the threshold for small public works projects.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill would reduce the administrative cost of public purchases by doubling the thresholds of small purchases from \$75,000 to \$150,000. The bill also increases from \$25,000 to \$50,000 the small purchases that can be made by a unit under small purchase policies adopted by a governmental unit.

The ability of a unit to use information of a competing offeror could also reduce the state cost.

The ability to make purchases from other governmental entities and, in certain circumstances with a nonprofit entity if the requirements of the public purchasing statutes are met, would reduce expenditures.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*. The bill increases the threshold from \$75,000 to \$100,000 for public works projects for a consolidated city, a second class city, a county containing a consolidated or second class city, or a regional water or sewage district that can be let by inviting quotes from at least three persons known to deal in the class of work proposed. The invitation must be by mail and be at least 7 days before quotes are due. The project could also be done by the unit's own workforce.

The bill would allow the soliciting of quotes on projects under \$25,000 to be done by soliciting at least three quotes by telephone or facsimile transmission and the 7-day waiting period on the quotes would not apply.

The change could decrease the administrative expense and project costs for projects.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.